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INTRODUCTION TO THE BUDGET IN BRIEF

Harford County's Budget in Brief is a financial summary to provide our citizens with an overview of our Annual Operating and Capital Budgets and our six year Capital Improvement Program. It includes information on how the budget is developed and what it ultimately means in terms of services to our community.

A Fiscal Policy section defines the cornerstone policies which have contributed to our financial condition. A "big picture" of revenues explains the derivation and historical trends of Property and Income Taxes, our major revenue sources.

The General Fund section presents summaries of how our General Fund revenues are derived and where the funds are appropriated by department and function.

Our traditional Departmental Highlights Section, for FY 04 is replaced by an Approved General Fund Budget Highlights Section. The FY 04 budget process was unique. Shortfalls in revenues, plus major increases in expenditure demands, resulted in an FY 04 General Fund Budget approximately \$4 million less than FY 03's, with virtually no funding "Highlights" on the Department level. We have included an explanation of this process and how the Approved Budget evolved.

An overall summary of Capital Budget revenues and expenses is provided, as well as a listing of projects in which a great deal of citizen interest has been expressed.

The County's Vision, Mission and Goals are detailed, plus samples of some departmental performance measures are highlighted.

A County organization chart is included.

The County At A Glance details specific data on various points of interest and services provided, as well as a summary of elected officials and departmental staff involved in the budget process.

BUDGET ORGANIZATION

Harford County's comprehensive financial and operating plan for the fiscal year is comprised of the Annual Operating and Capital Budgets and the Annual Capital Improvement Program.

OPERATING BUDGET

The Annual Operating Budget details fiscal information for all County departments and agencies along with information on: services, programs, goals, objectives, performance measures, and staffing requirements. Also defined are the County's contributions to independent sectors such as the Board of Education, Harford Community College and the County Libraries.

The budget consists of separate established "funds" to record the receipt and application of resources which, by law or generally accepted accounting practices, must be kept distinct:

THE GENERAL FUND is the principal operating fund for Harford County Government and is used to account for all financial resources except those required by law, County policy, and generally accepted accounting practices to be accounted for in another fund.

SOLID WASTE SERVICES is used to account for solid waste management costs to the extent that solid waste related revenues are available. All other costs are in the General Fund.

THE HIGHWAYS FUND is used to account for dedicated revenues derived from specific taxes and other earmarked revenue sources legally restricted to expenditures for the operation and support of the Engineering & Construction Division of the Department of Public Works, County fleet maintenance, land acquisition, traffic safety and student transportation.

THE WATER & SEWER FUND is an enterprise fund, accounting for operations financed and conducted similar to private enterprise. It is the County Government's intent to finance these services primarily through charges to water and sewer service customers.

THE WATER & SEWER DEBT SERVICE FUND accounts for principal and interest payments on water and sewer bonds and loans, financed by dedicated revenues derived from user fees and surtaxes.

SPECIAL REVENUE FUNDS are established to comply with the Government Accounting and Standards Board's (GASB) Statement No. 34, which requires maintaining individual accounts for programs of a self supporting nature (Parks & Recreation Special Fund) or which do not provide basic governmental services (County and State Agricultural Preservation Funds).

CAPITAL BUDGET & CAPITAL IMPROVEMENT PROGRAM

Harford County Government officials, with input from all departments and agencies, identify long-range public facilities and improvement needs and formulate a capital plan, consisting of a one year Capital Budget and a six year Capital Improvement Program. Such a program provides appropriation authority and planning for projects of long-term usefulness, size and cost, and/or which require large expenditures of funds usually programmed over more than one year and which result in a durable capital asset.

BUDGET PROCESS

With advice from a Spending Affordability Committee (comprised of local citizen volunteers) and departmental staff; after meetings with all County departments, the Board of Education, the County Libraries and Harford Community College; and after conducting a public hearing to secure citizen input; the County Executive proposes an annual budget, which by law, must be presented to the County Council by April 1st. The Council then holds its own hearings. By May 31st, the Council is required by law to adopt both an Operating and Capital Budget and set tax rates.

